

Message Text

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ORIGIN ARA-20

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FM SECSTATE WASHDC

TO AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

AMEMBASSY TEGUCIGALPA

AMEMBASSY MANAGUA

AMEMBASSY GUATEMALA

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E.O. 11652: N/A

TAGS: PFOR, ETRD

SUBJECT: MEMORANDUM OF AMBASSADOR EBERLE'S TRADE CONSULTATION IN NICARAGUA

GUATEMALA FOR ROCAP. ROCAP PASS SIECA.

1. DURING TRADE CONSULTATIONS WITH OFFICIALS FROM THE CENTRAL AMERICAN COUNTRIES AND CACM IN MANAGUA ON APRIL 30, 1974, AMBASSADOR EBERLE OFFERED TO SEND A MEMORANDUM OF THE U.S. UNDERSTANDING OF THE SUBSTANCE OF THE CONSULTATIONS. THE MEMORANDUM SHOULD BE DELIVERED TO APPROPRIATE OFFICIALS. NO REPLY IS EXPECTED THOUGH WE WOULD BE PLEASED TO RECEIVE ANY COMMENTS THAT THESE OFFICIALS MAY WISH TO MAKE. THE MEMORANDUM FOLLOWS.

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2. QUOTE: ON APRIL 30, 1974, AN OFFICIAL DELEGATION FROM THE UNITED STATES HEADED BY AMBASSADOR WILLIAM D. EBERLE, THE SPECIAL TRADE REPRESENTATIVE OF THE PRESIDENT, MET WITH DELEGATIONS FROM THE CENTRAL AMERICAN COMMON MARKET COUNTRIES AS WELL AS REPRESENTATIVES OF SIECA TO DISCUSS MATTERS OF MUTUAL INTEREST IN THE TRADE FIELD.

AT THIS MEETING AMBASSADOR EBERLE REVIEWED THE MAJOR PROVISIONS AND THE CURRENT STATUS OF THE TRADE REFORM ACT (TRA) BILL WHICH HE HOPED WOULD BE PASSED BY CONGRESS THIS SUMMER. HE POINTED OUT THAT THE TRA CONTAINS AUTHORIZATION FOR THE U.S. TO IMPLEMENT A SYSTEM OF GENERALIZED PREFERENCES (GSP) FOR DEVELOPING COUNTRIES.

HE THEN EXPRESSED THE HOPE OF SENDING AN INITIAL PRODUCT LIST, ON WHICH TARIFFS ON IMPORTS FROM DEVELOPING COUNTRIES WOULD BE REDUCED TO ZERO, TO THE TARIFF COMMISSION FOR STUDY AND TO MAKE RECOMMENDATIONS TO THE PRESIDENT AS SOON AS POSSIBLE AFTER THE TRA IS ENACTED. AMBASSADOR EBERLE REQUESTED THAT THE CENTRAL AMERICAN COUNTRIES SUBMIT THEIR LIST OF PRODUCTS IN PRIORITY ORDER TO THE U.S. AS SOON AS POSSIBLE AND ESPECIALLY PRIOR TO JUNE 30. AMBASSADOR EBERLE DESCRIBED THE CURRENT STATUS OF THE FOUR SUBCOMMITTEES OF THE TRADE NEGOTIATING COMMITTEE (TNC) IN GENEVA, I.E. TARIFF, NON-TARIFF BARRIER, AGRICULTURE, TROPICAL PRODUCTS AS WELL AS POSSIBILITIES FOR ESTABLISHING GROUPS ON SAFEGUARDS AND SECTORS. HE URGED THE CENTRAL AMERICAN COUNTRIES TO PARTICIPATE FULLY AND ACTIVELY IN THESE DISCUSSIONS IN ORDER TO HAVE AS WIDE A PARTICIPATION AS POSSIBLE AND TO ASSURE THAT THEIR INTERESTS WOULD BE FULLY PROTECTED. AMBASSADOR EBERLE ALSO REFERRED TO THE PROBLEM OF COMMODITIES THAT ARE SOMETIMES IN SHORT SUPPLY AND SUGGESTED THAT THIS PROBLEM COULD BEST BE TREATED BY DEVELOPING COMMONLY AGREED GUIDELINES, PROBABLY WITHIN THE GATT FRAMEWORK, WHEN SUCH A SHORT SUPPLY SITUATION AROSE. THUS, THE ADMINISTRATION SUPPORTS THAT PORTION OF THE RIBICOFF-MONDALE AMENDMENT TO THE TRA THAT PROVIDES FOR MULTILATERAL RULES ON SHORT SUPPLY.

SPOKESMEN FOR THE CENTRAL AMERICAN COUNTRIES RESPONDED BY UNCLASSIFIED

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ASSERTING THAT CENTRAL AMERICA WOULD PARTICIPATE ACTIVELY IN THE MULTILATERAL TRADE NEGOTIATIONS (MTN) AND THAT THEIR PARTICIPATION WOULD BE COORDINATED THROUGH THE SECRETARIAT FOR CENTRAL AMERICAN ECONOMIC INTEGRATION (SIECA). IT WAS ALSO REQUESTED THAT THE CENTRAL AMERICAN COUNTRIES BE ACCORDED THE SPECIAL TREATMENT WHICH SHOULD BE RESERVED FOR THE LESSER DEVELOPED COUNTRIES. IN REGARD TO GSP PRODUCTS LIST, THE CENTRAL

AMERICAN REPRESENTATIVES STATED THAT THEIR LISTS OF PRIORITY PRODUCTS WOULD BE PREPARED AND PRESENTED IN THE NEXT TWO MONTHS.

SPECIFIC ISSUES RAISED DURING THE COURSE OF THE MEETINGS INCLUDED:

A. ILLEGAL SUBSIDIES AND U.S. COUNTERVAILING DUTY LAW. THE U.S. RECOGNIZES THE NEED OF DEVELOPING COUNTRIES TO IMPLEMENT WHAT SHOULD BE REGARDED AS LEGITIMATE SUBSIDIES TO FOSTER THEIR ECONOMIC DEVELOPMENT. IN THIS REGARD, THE U.S. SUPPORTS THE ESTABLISHMENT OF AN INTERNATIONAL CODE ON SUBSIDIES AND COUNTERVAILING DUTIES.

B. GSP COMPETITIVE NEED LIMITATION AND ECONOMIC INTEGRATION. CENTRAL AMERICAN SPOKESMEN POINTED OUT THAT U.S. ENCOURAGEMENT OF ECONOMIC INTEGRATION BY GSP PROVISIONS PERMITTING DESIGNATION OF ECONOMIC GROUPING (SUCH AS CACM) AS BENEFICIARIES OF CUMULATIVE ORIGIN RULE WAS MORE THAN OFFSET BY THE CONCOMITANT IMPOSITION OF THE COMPETITIVE NEED LIMITATION ON THE OVERALL EXPORTS OF PRODUCTS OF SUCH ECONOMIC GROUPINGS, INSTEAD OF THE INDIVIDUAL COUNTRIES. AMBASSADOR EBERLE RESPONDED BY STRESSING THE PRACTICAL ASPECTS OF THE OPERATION OF THE GSP, E.G. IN THE CENTRAL AMERICA REGION NO SINGLE INDUSTRIAL EXPORT IS NEAR THE CUTOFF POINT OF THE COMPETITIVE NEED LIMITATION, RATHER THAN ITS THEORETICAL DRAWBACKS.

C. TEXTILES. A CENTRAL AMERICAN SPOKESMAN OBSERVED THAT IF THE U.S. WAS PUTTING TEXTILES ON THE NEGATIVE LIST RE THE GSP BUT IS NEVERTHELESS COMMITTED TO EXPORT PROMOTION BY LATIN AMERICA, IT IS CONSIGNING CENTRAL AMERICA THE UNCLASSIFIED

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ROLE OF A RAW COTTON EXPORTER. AMBASSADOR EBERLE REFERRED TO THE NEW MULTI-FIBER TEXTILE AGREEMENT AND SUGGESTED THAT ANTHONY JURICH VISIT AND DISCUSS WITH THE CENTRAL AMERICAN COUNTRIES THE IMPLICATIONS OF THE MFTA AND THE POSSIBILITY FOR TEXTILE QUOTA GROWTH.

D. SHORT SUPPLY. A SPOKESMAN FOR THE CENTRAL AMERICAN COUNTRIES POINTED OUT THE ADVERSE IMPACT ON CENTRAL AMERICA CAUSED BY INTERNATIONAL SHORTAGES OF FERTILIZERS AND SYNTHETICS, AND REQUESTED U.S. ASSISTANCE IN THIS AREA. AMBASSADOR EBERLE NOTED THE SELF-DEFEATING NATURE OF PRODUCERS' CARTELS AND STRONGLY URGED THAT PRODUCER-CONSUMER CONSULTATIONS BE HELD PRIOR TO TAKING ACTIONS THAT WOULD LIMIT EXPORTS. IN THIS CONNECTION, AMBASSADOR EBERLE ALSO ADVOCATED AN INTERNATIONAL CODE OF CONDUCT TO

COVER SUCH SITUATIONS. END QUOTE RUSH

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